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Twenty-third session

SUMMARY RECORD OF THE 3rd MEETING

Held at the Vienna International Centre, Vienna,
on Wednesday, 15 November 2000, at 10 a.m.

President: Mr. ORTIZ (Spain)

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The meeting was called to order at 10.15 a.m.

INTEGRATED PROGRAMMES (*continued*) (IDB.23/18; IDB.23/CRP.5)

FIELD REPRESENTATION (*continued*) (IDB.23/10, IDB.23/18)

1. **Mr. MAGARIÑOS** (Director-General) thanked all representatives for their suggestions concerning the integrated programmes, of which he had taken note.

2. Many speakers had expressed dissatisfaction at the Secretariat's decision to scale down the integrated programmes. That demonstrated the value placed by the recipient countries on those programmes and their feeling of ownership in them. He hoped that the donor community would take note of that attitude.

3. He would naturally have preferred to avoid scaling down the integrated programmes, but it had seemed appropriate to review the extent to which they overlapped with activities of other agencies and the extent to which government priorities showed signs of changing. Any reduction in the total value of programmes might be discouraging to the recipient countries, but to maintain them without being able to mobilize funds for their implementation would also be discouraging. It was expected that by the end of the year 2001 there would be a shortfall of some 50 per cent in the funds collected to finance the current portfolio of integrated programmes, which should indeed be expanded.

4. He hoped, however, that more funds would be contributed to the integrated programmes, which had helped to re-establish dialogue between recipient countries and donors of technical cooperation, and that it would be possible to continue the work effectively. He hoped that there would be no further need for cuts in the future, but if so the Secretariat would ask for the opinions of the countries concerned before and not after making any reductions.

5. He noted that all representatives who had spoken on field representation had supported a gradual approach to its strengthening. The Secretariat would take account of those comments. He requested that all suggestions should be included in the draft decisions that were to be discussed in informal consultations. The Board had an approved mandate with regard to effective decentralization and it would be appropriate to adopt a decision on that issue reflecting the comments made at the present session.

6. **Mr. FREEMAN** (United Kingdom) said that considerable interest had been shown by many countries in the integrated programmes. However, his Government was concerned at the very large number of programmes generated by the Secretariat. The fact that 80 per cent of the funding was going to a limited number of integrated programmes made it more likely that they would have a real impact on development. The impact would be twofold: in addition to the developmental effect in the recipient countries, that effect itself would make donors more willing to contribute. References to the amount of resources needed were somewhat artificial, since there had never been a commitment by the governing bodies of UNIDO to specific figures but only to an evolutionary process in which the recipient countries, the Secretariat and donor countries would decide together which programmes to fund.

7. On the question of field representation, he said that while the process of decentralization should not be cataclysmic, it should not be so gradual as to be imperceptible. Delegation to the field was right in theory because the point of delivery of aid by an organization should be as close as possible to the point of acceptance by the recipient country; it was also important in practice because donors had to be persuaded of the comparative advantage of UNIDO's programmes in competition with those of other multilateral agencies.

8. **Mr. MOONESINGHE** (Sri Lanka) said that his country was one of the main beneficiaries of the integrated programmes, and considered by some as a model. Sri Lanka had so far mobilized some $4 million and he understood that the Government of Norway was about to approve a further contribution of $1.4 million for a cleaner production centre in the country. Sri Lanka, a democratic country which had had universal suffrage since 1931, had a literacy rate of nearly 100 per cent with free education to university level, free hospital treatment and free medicine, but it needed assistance from the more advanced nations for its development.

9. His delegation believed that, while UNIDO sought donor support, recipient countries must also take a certain degree of responsibility for mobilizing funds.

10. The Government of Sri Lanka in principle supported UNIDO's initiative for greater field representation. However, in view of the significant resource implications, the issue of additional resources must be addressed before field representation was strengthened. He suggested that, for any pilot projects, selected existing field offices should be strengthened rather than new ones opened.

11. **Mr. MAGARIÑOS** (Director-General) welcomed the remarks made by the representative of the United Kingdom and the significant financial commitment made by his country. The United Kingdom was one of the few countries, together with Austria, Denmark and Italy, that made untied funds available. One of UNIDO's problems was that it still received a lot of funds tied to a programme component, which made it difficult to implement truly integrated programmes.

12. The Secretariat attached great importance to the impact of the integrated programmes, and he suggested that an informal meeting should be held in April/May 2001 to review all the programmes under way and the extent to which they were in line with the expectations of donors and recipient countries. Two such informal meetings had already been held, one to analyse methodologies for measuring impact, the other to present some results. Such a meeting would clarify the Organization's possibilities for providing technical assistance to a broad range of countries.

GLOBAL FORUM ACTIVITIES (IDB.23/9; IDB.23/CRP.7)

13. **Mr. ESTRUP** (Secretariat), introducing the Director-General's report on global forum activities (IDB.23/9), stressed that synergies between technical cooperation activities and global forum activities were a powerful instrument for increasing the impact of technical cooperation delivery, and would also be used by UNIDO to strengthen advocacy of sustainable industrial development.

14. The report contained an overview of activities and information on work in progress on the development of a new strategy for global forum activities, in particular for research. UNIDO's global forum activities for 2000-2001 were focused on the theme "Marginalization versus prosperity: the challenge ahead". The high-level panels held earlier that week had been part of that effort. The report also reviewed UNIDO's strategic partnerships with universities. Further information on the development of a strategic research programme was contained in document IDB.23/CRP.7.

15. **Mr. LÜTKENHORST** (Secretariat), illustrating his speech with slides, said that the national and international private sector or business community was the ultimate driving factor in industrial development. In all developing countries the share of private investment in total investment ranged from 70 to 75 per cent, and it was even higher for industrial investment alone.

16. The percentage of private and official aid flows had been reversed in the last decade: at the beginning of the 1990s, private flows had accounted for half of all resource flows from countries of the Organization for Economic Cooperation and Development (OECD) to the developing countries, whereas towards the end of the decade the share had risen to two thirds. Foreign direct investment alone now accounted for nearly 50 per cent of all resources flowing into developing countries, but according to the latest figures of the United Nations Conference on Trade and Development (UNCTAD) it was largely concentrated in the emerging countries, whereas Africa attracted 4.3 per cent and the least developed countries together only 2.2 per cent.

17. Since private flows were so important, it was not very sensible to continue to consider two distinct parallel flows of resources, commercial activities on the one hand and development assistance on the other. It would be preferable to explore possible synergies and identify viable partnerships, thus ensuring the harnessing of commercial activities to serve broader developmental objectives. That was a much more complex undertaking than merely raising money from business to finance United Nations programmes.

18. That proposition was at the core of the growing emphasis on partnership between business and the United Nations and had led to the Secretary-General's proposal of a global compact between the United Nations and business, which called upon the business community to support fundamental values relating to human rights, labour conditions and the environment. There was a similar trend towards involving private business and development programmes in the bilateral context, often within private-public partnerships.

19. Those trends were vitally important to UNIDO's core target group—small and medium enterprises (SMEs) in developing countries. Transnational corporations dominated global industrial production, world trade and international investment flows, and built up global value chains in which small local enterprises had an important role as providers of goods, components and services. Integrating SMEs into global value chains was an important way of extending gains from globalization. Small companies were not necessarily the losers in the globalization process: only those that remained isolated lost out.

20. Entry barriers were not easy for small enterprises to surmount, but there were great opportunities for them if they could master the demanding requirements of large corporations seeking to outsource. Those requirements included quality, reliability and the observance of delivery schedules, accessing global information sources, continuously improving techniques, engaging in joint ventures and applying new communications technology. UNIDO had expertise in all those areas and could offer business partners a comprehensive support package in its new Partnership Programme. Integrating SMEs into global value chains clearly required an effective interaction between industry, specialized support institutions and government to create a national or local industrial system, and there too UNIDO could assist.

21. Today large corporations had to take into account environmental sustainability and social responsibility as well as financial profit. Cooperation between UNIDO and the business community held great promise. Technical cooperation linked with commercial resource flows would improve the access of SMEs in developing countries to markets and technologies. One incentive for business in that process was the building of a socially responsible

image; others included support in accessing difficult markets such as the least developed countries.

22. UNIDO's strength lay in bringing about partnerships at regional and country level, allowing big business, Governments and business associations to pool their expertise for the benefit of SMEs in the course of development. UNIDO wished to engage in a conceptual debate on the lessons of such partnerships between the United Nations system and business.

23. In the coming year UNIDO intended to continue its successful partnership programme for the benefit of the automotive industry in India, with additional partners and more emphasis on training and long-term sustainability. Three new partnership programmes were planned for 2001, and broader regional initiatives were planned in South Asia, Africa and Latin America.

24. In connection with its global forum role, UNIDO would be involved, in cooperation with the United Nations Staff College, in preparing guidelines and best practice examples of Business Partnership Programmes. It would carry out studies of sectoral and regional trends in global value chains and the implications for SMEs. UNIDO would continue its exchange of experience with the development community, and had been encouraged by the positive feedback received from a recent expert group meeting on public-private partnerships attended by representatives of other United Nations organizations, bilateral agencies, leading transnational corporations and global business representative organizations.

25. UNIDO had just concluded a joint study with Ericsson of Sweden on trends in electronic and mobile commerce, which would serve as the basis for future joint activities under the cooperation agreement signed that week.

26. **Mr. RAMIREZ GASTON** (Peru), speaking on behalf of the Group of 77 and China, said that they had always supported UNIDO's proactive stance in promoting sustainable industrial development, and therefore welcomed initiatives to strengthen its global forum activities, in the hope that they would result in a better understanding of sustainable industrial development and hasten efforts to combat poverty and reduce marginalization. By forging partnerships with the private sector, academia and other centres of excellence and actively participating in different forums, UNIDO would enhance its capacity to bring the developing and least developed countries (LDCs) into the mainstream of international industrial development. However, while the merits of global forum activities were recognized, the importance of strengthening technical cooperation programmes and the promotion of industrial development in developing countries should not be overlooked.

27. **Ms. QUINCY** (France), speaking on behalf of the European Union and associated States, said that, as indicated in document IDB.23/9, paragraph 1, global forum activities were activities aimed at exchanging and disseminating knowledge and information, facilitating partnerships and promoting understanding of the problems relating to sustainable industrial development. The purpose of such activities was to seek realistic solutions for poverty alleviation, the creation of employment and the development of income-generating activities. They could lead to operational conclusions and, in some cases, strengthen technical assistance activities. Global forum activities included conferences and meetings, publications, the compilation of statistics, standard-setting and the development of research partnerships.

28. In order to play its role as a global forum effectively, UNIDO required a strategy taking account of its strengths and weaknesses, available resources and the needs of developing countries. It should promote greater awareness of its activities and improve coordination with other development agencies, including those outside the United Nations system.

29. The international community was growing more aware of the need to ensure respect for the environment in the process of industrialization. UNIDO must pursue its efforts, in the appropriate forums, to show that, with its competence and comparative advantages, it had a role to play in the implementation of the Kyoto Protocol mechanisms. It could also contribute to international efforts to control persistent organic pollutants (POPs), given its experience in that area.

30. The Director-General's efforts to conclude partnership agreements with research institutes must be encouraged, with emphasis on the establishment of a real network of partners. Partnerships should include universities and research institutes in the developing countries. Also welcome were efforts to develop partnerships with the private sector.

31. Like the Director-General, the European Union considered that the real challenge currently facing the international community was how to combat the marginalization of developing countries. In that connection it was worth noting that the European Union was to host the Third United Nations Conference on the Least Developed Countries (LDC III) in Brussels in May 2001, and would defray the costs of participation of least developed countries in the Conference. In accordance with the priority assigned to such countries in the Business Plan and the Organization's specific mandate, UNIDO should play an active role in the Conference and she would welcome information from the Director-General on his intentions in that regard.

32. **Mr. FIGUEROA** (Mexico), speaking on behalf of the Latin American and Caribbean Group (GRULAC), said that the theme of global forum activities was related to the question of the future of the Organization. As mentioned in the Director-General's report (IDB.23/9), such activities helped to improve the Organization's image; indirectly, they contributed towards the mobilization of funds. Such activities should complement and not replace technical cooperation activities. Document IDB.23/9 could be interpreted as calling for an undue focus on global forum activities. GRULAC understood the need to target global forum activities more effectively, always bearing in mind the Organization's shortage of resources and its main objective—technical cooperation.

33. Regarding the proposed umbrella theme for the period 2000-2001, "Marginalization versus Prosperity: The Challenge Ahead", the link between that theme and the Organization's technical cooperation activities was insufficiently clear. It would be useful for Member States to have information well in advance about forums and world and regional conferences that would be organized by the Secretariat in that connection.

34. On the question of UNIDO Global Environment Facility (GEF) activities, he said that GRULAC welcomed UNIDO's efforts to tap GEF resources in view of the current shortage of funds available for technical cooperation activities.

35. **Mr. MOWOE** (Nigeria), speaking on behalf of the African Group, said the Group considered that the proposed strategy for global forum activities should be pursued only if such activities were likely to enhance the Organization's effectiveness in performing its main role—the delivery of technical cooperation services in developing countries. Given the current budgetary constraints, he feared that active engagement in global forum activities might result in a dissipation of energy and resources. He would therefore welcome more details on exactly how such activities would be carried out. The organization of "side events" around the meetings of the governing bodies was cost-effective and stimulated debate. Nevertheless, the risk of UNIDO being likened to a "talking shop" should be borne in mind when one attempted to expand the scope of such activities. The Organization's strength was its ability to deliver technical cooperation services. Its active involvement in an area where results could not be so easily assessed might expose it to criticism for ineffectiveness. He therefore looked forward to more information on the precise nature and form of the proposed strategy for UNIDO's global forum activities at the next Board session.

36. **Mr. ARAR** (Turkey) welcomed the organization of side events prior to the Board sessions on matters of global concern such as poverty alleviation, environmental concerns, private sector development and industrial indicators. An important consideration in defining a strategy for the global forum function was the need to promote integration of the Organization's upstream work and technical cooperation activities. To achieve that end, research should be done on factors determining the success of technical cooperation projects; the findings should subsequently be taken into account in formulating and implementing new projects. There was also scope for greater cooperation with multilateral institutions, many of which were interested in working with UNIDO so as to gain access to its field-level project base. With regard to global forum activities more specifically, in 1990 Turkey had begun preparation of a country programme for the phasing out of ozone-depleting substances. At present 15 projects in connection with the Montreal Protocol were being implemented by UNIDO in Turkey.

37. **Mr. ADAM** (Belgium) said that the Director-General's report (IDB.23/9) contained an interesting analysis of global forum activities. Belgium attached particular importance to the global forum function. It was essential to UNIDO's mission, since it placed the Organization alongside other inter-governmental, governmental and private agencies dealing with international cooperation. The image of the Organization was also at stake, since the global forum function allowed it to define how it perceived its role in the current context of globalization. Global forum activities would serve to focus efforts on essential issues such as project development, coordination with other organizations, meetings and training.

38. The problem of the least developed countries warranted special attention. That would be the subject of the LDC III Conference to be held under the auspices of the European Union in Brussels the following year. The message delivered by UNIDO at that Conference would be an important sign to the international community. In that connection, he suggested that the Organization should become involved in the preparatory work being coordinated by UNCTAD. He feared that no real partnership with the private sector could be achieved unless UNIDO got its message clearly across, for which the forthcoming LDC Conference would provide the ideal platform.

39. **Mr. LOSCHININ** (Russian Federation) welcomed the greater attention being paid by the Director-General to UNIDO's global forum function, which was particularly important in the current climate of globalization, as had clearly emerged as a result of the Forum for Industrial Development, organized in connection with the eighth session of the General Conference, as well as the Regional Forum held in Budapest in October 2000. At those meetings, for the first time ever, there had been debate at global and regional levels on the main current trends in industrial development in the light of globalization and on how to define a role for UNIDO in that context. The results of those meetings would be found useful by Member States in bringing their domestic economic

priorities more closely into line with current trends in industrial development. The importance of UNIDO's global forum activities had been further demonstrated by the side events organized around the current Board session covering matters such as environmental concerns and the private sector. It was through the development of such activities that UNIDO, as the only international organization in the field of industrial development, would find its own niche among international development agencies. It was essential that those and other initiatives undertaken by the Director-General should be pursued.

40. Although there was much documentation on globalization, little attention was paid to the role of industrialization in the process, which was where UNIDO came into its own. Apart from the exchange and dissemination of knowledge and information and the establishment of partnerships, UNIDO should focus its global forum activities on analysing the current problems of industrial development, drawing up appropriate recommendations and defining the best policies.

41. The rapid pace of globalization was a particular problem for developing countries and countries with economies in transition. That was borne out by the Millennium Declaration adopted at the fifty-fifth session of the United Nations General Assembly, which stressed the challenge of ensuring that globalization became a positive force for all the world's people, and called for global policies and measures tailored to the needs of developing countries and economies in transition. In that light, UNIDO's global forum activities were particularly important. The question was now not simply what should be done, but how it should be done. He supported the idea of developing a strategy for global forum activities and choosing an umbrella theme for the period 2000-2001. One possible theme might be "The role of innovations and state-of-the-art technology, including information technology, in industrial development: problems and opportunities". In view of the foregoing, the Secretariat should be provided with adequate staff for UNIDO's global forum function.

42. **Mr. MANNO** (Italy) said that a Ministerial Conference on the theme of enhancing the competitiveness of SMEs in the global economy had been organized in Italy by OECD and the Italian Ministry of Industry in June 2000. That had been followed by a visit of the Director-General to Rome to strengthen existing links between UNIDO and Italian banks and industry, and a high-level meeting of decision makers in Venice on the theme "Marginalization versus prosperity". Italy firmly believed in UNIDO's vital role in efforts to alleviate poverty, and was committed to supporting the Organization not only through the "global forum" initiative but also in contributing financially to technical cooperation activities. Italy's voluntary contributions to the Organization were aimed in the main at the funding of integrated programmes, with special emphasis on SMEs. The Italian Government was considering the possibility of providing all the funds required for the implementation of an integrated programme in Tunisia.

43. Ongoing and constructive cooperation between Italy and the Organization could also be seen in initiatives under the auspices of the International Centre for Science and High Technology (ICS) in Trieste, which, thanks to UNIDO's sound management, had achieved outstanding results in the last three years. In the light of such cooperation and new opportunities offered by ICS for technology transfer, the original proposal of the Italian Government to place ICS under the control of the United Nations Educational, Scientific and Cultural Organization (UNESCO) was withdrawn. The Agreement concluded between the Government of Italy and UNIDO in 1993 could now be fully reinstated.

44. Italy looked forward to the establishment of the proposed International Centre for Sustainable Industrial Development in Slovenia, but considered that the impact of its activities could only be guaranteed through close cooperation with ICS.

45. **Mr. MOWOE** (Nigeria), speaking on behalf of his delegation, commended UNIDO on its global forum activities. His country had taken part in several forums and found them to be useful tools. It sincerely hoped, however, that they would not detract from UNIDO's main function of providing technical cooperation to the developing countries. Technical cooperation activities and global forum activities were complementary, but the impact of activities leading to the enhancement of knowledge could not be easily measured. He supported the areas in which it was suggested that global forum activities might take place and hoped that UNIDO would invite participants from the developing countries to any meetings organized. He saw merit in any activity that could enhance the expertise of UNIDO or utilize the knowledge it had acquired.

46. He expressed his country's appreciation for the Director-General's recent successful visit to Nigeria, where he had had audiences with the President and Vice-President, launched the country service framework and taken part in a series of forums organized jointly by the Minister of Industry and UNIDO. Those forums had provided the opportunity for useful exchanges of views between the private sector and the Government on industrialization questions. The Government was now studying the recommendations made with a view to their full implementation.

47. **Mr. HOMAYOUNFAR** (Islamic Republic of Iran) commended the Director-General and the Secretariat on their work. The close link between global forum activities and technical cooperation activities would give UNIDO a very strong comparative advantage. It was important for developing countries that UNIDO should identify

appropriate solutions to respond to the new business opportunities arising out of global forum activities, and in that connection UNIDO might usefully focus on the new opportunities opened up by information technology and high technology for the benefit of Member States. His delegation supported the introduction and development of a strategy for global forum activities in consultation with all Member States.

48. **Mr. RAMIREZ GASTON** (Peru), speaking on behalf of his delegation, said that his country regarded global forum activities as an integral part of UNIDO's work, which enabled the latest advances in industry to be determined and a continuing debate held on the issues. UNIDO's normative activities enhanced its visibility and contributed to wider knowledge of its achievements and the relevance of its work. But the global forum function should be understood as complementary to the operational activities of the Organization and should contribute to attracting more resources for technical cooperation work. He hoped that the Secretariat would clarify the apparent suggestion in document IDB.23/9 that UNIDO should focus on global forum activities. Regarding the proposed umbrella theme for the period leading up to the next General Conference session, it would be important to link the theme to sustainable industrial development.

49. **Mr. SUN Yongfu** (China) said that his country much appreciated the positive role played by UNIDO acting as a global forum. It hoped, however, that, given the limited resources at UNIDO's disposal, the themes of future forums would be more topical and focused, less academic and more practical, so as to contribute better to UNIDO's task of promoting industrial development.

50. **Mr. KAMOHARA** (Japan) said that, if UNIDO fed back experience it had gained in implementing technical cooperation programmes, it should be able to demonstrate its merits in its global forum activities. In that connection, he appreciated the Director-General's initiatives in organizing seminars and symposia such as the "Regional Forum on Industrialization Cooperation and Partnership in Central and Eastern Europe and NIS" held recently in Budapest and the "Marginalization versus prosperity" meeting held in Venice. He would be very interested in the Asia-Pacific Regional Forum on Industrial Development to be held in Shanghai the following month. He believed that Member States should support such activities and contribute positively to the substantive discussions held at those forums.

51. **Mr. MOONESINGHE** (Sri Lanka) said that private-public partnership was a vital issue for developing countries that had initially pursued a policy of State-driven industrialization. The promotion of that kind of partnership was a major feature of an integrated programme in Sri Lanka. UNIDO had assisted it in obtaining international expert assistance and in organizing seminars that were helping it to develop an effective model for such partnerships in Sri Lanka. In conclusion, he invited donor countries interested in the field of information technology to assist his country in that connection.

52. **Mr. GONZALEZ** (Chile) said that his country supported the global forum activities, but stressed that the main task of UNIDO was to offer technical cooperation for industrial development. Global forum activities should complement and strengthen technical cooperation activities, contribute to enhancing the Organization's image and external visibility and open up possibilities for partnerships with the private sector, civil society and universities, whose support was essential in the context of globalization.

53. A greater visibility for UNIDO and the dissemination of clear messages about its comparative advantages should assist the search for new partners and attract financial support from the private sector, thus opening up alternative sources of financing for the Organization. Chile therefore welcomed the global forum activities for the period 2000-2001 and was ready to take part in them whenever appropriate.

54. **Mr. HALHOUL** (Morocco) expressed support for the Organization's global forum activities, aimed at encouraging wide participation in efforts to develop new strategies for technical cooperation. There was no need to recall the difficulties faced by the developing and the least developed countries because of their lack of competitiveness on world markets. UNIDO should use all its technical resources to fight against poverty, promote equity and reduce marginalization in North-South exchanges. Global forum activities should provide innovative contributions and complement the Organization's main role of technical cooperation in the field of industry and the implementation of integrated programmes. In view of the human and financial resources involved, Member States expected that the meetings organized would not be merely theoretical but would lead to concrete results. A competitive economy generating employment in a healthy environment could be brought about only if solid bases were laid for sustainable industrial development.

55. **Mr. FREEMAN** (United Kingdom) asked how the value of the work done under the global forum heading could be established. The information provided contained a good deal of descriptive material but no indication of the impact of the activities in measurable terms. It was becoming increasingly important at the present time to show what outcomes could be expected so as to justify the input when calling for financial or personnel resources. He hoped that the Secretariat would tell the Board what results it had anticipated up to the present and what results it had obtained and also what it anticipated for the future in measurable terms.

56. **Mr. ZEWDIE** (Ethiopia) welcomed the global forum activities, which were in line with UNIDO's mandate. He believed, however, that a set of criteria for the selection of topics to be discussed at the global level should be developed, the industrial development of the least developed countries being of primary importance. UNIDO could have a direct impact on such important areas as agro-industry, human and industrial capacity-building and the gradual transformation of agricultural economies into industrial economies. A wide variety of views should be sought on issues such as marginalization, environmental degradation, deforestation and export capacity-building. Such topics should be viewed from the angle of poverty alleviation in the perspective of development and not simply from an academic viewpoint. How could the industrial capacity of the LDCs be strengthened when, for example, there was such a wide difference between the tax levied on raw coffee and that levied on processed coffee? How could such practical problems of importance to the developing countries be solved? He hoped that the global forum activities of UNIDO would lead to substantive results relevant to technical cooperation activities and development.

57. **Mr. CHARRY SAMPER** (Colombia) said that global forum activities provided a valuable contribution to UNIDO's work. He fully shared the view that the strategy for global forum activities should take into account the need to obtain results. UNIDO should not concentrate its activities on the global forum role, nor should it duplicate activities of other agencies; it should rather make efforts to achieve better inter-agency coordination. But its main task was to promote technical cooperation and implement integrated programmes, always bearing in mind the current technological revolution and the profound changes taking place in industrial organizations, especially transnational corporations.

58. One of UNIDO's basic problems was the lack of resources to fund its programmes; that might create a credibility gap and lead to a loss of interest in the Organization. It must be recognized that the future plans of UNIDO depended on the contributions of major donors. In that connection, he believed that at some later stage serious consideration should be given to working out a strategy to encourage the return to UNIDO of the United States of America. He would be interested to learn the opinions of the European Union and countries such as Japan and China on that matter.

59. UNIDO might usefully consider entering into strategic alliances with those transnational corporations that were taking the lead in the technological and scientific changes affecting industry. He noted in that connection that a cooperation agreement had been signed between UNIDO and Ericsson with a view to improving the industrial competitiveness of developing countries.

60. If the excellent forums that UNIDO organized succeeded in attracting new interest around the world, they could contribute to the strengthening of industrial development. He supported the global forum strategy, on the understanding that the activities involved must be of positive practical use to the Organization.

ACTIVITIES OF THE JOINT INSPECTION UNIT (IDB.23/12 and Add.1, IDB.23/16)

61. **Mr. KUYAMA** (United Nations Joint Inspection Unit (JIU)), said that a common understanding had now been reached on the way JIU reports and recommendations were to be handled. He understood that document IDB.23/12/Add.1 reflected some of the concerns of the Secretariat and wished to comment on some of the points raised so as to give Member States a clearer understanding of them.

62. Referring to paragraph 3, he said that JIU believed that the basic criteria for determining the relevance of reports to UNIDO would be whether a given report and the recommendations therein satisfied any one of the following criteria: (a) that it fitted into the mandate and purposes of the Organization; (b) that it had a bearing on the efficiency of the services and the proper use of funds; (c) that it was aimed at improving management and methods and achieving greater coordination among organizations; (d) that it was aimed at assisting the Industrial Development Board in carrying out its responsibility for the external evaluation of programmes and activities; and (e) that it was aimed at advising the Organization on its methods for internal evaluation, periodically assessing those methods, or making ad hoc evaluations of programmes and activities.

63. That meant that, on average, no more than four JIU reports and approximately 20 recommendations of relevance to UNIDO would be presented to the Board every year, assuming that all the system-wide JIU reports were considered relevant to UNIDO on the basis of the above criteria. The number could, however, be substantially reduced since JIU drew a distinction between recommendations addressed to the executive heads of organizations and those addressed to legislative bodies. The Board would be expected to consider only those recommendations requiring legislative action with policy and/or financial implications.

64. Turning to the question of specific decision-making on JIU recommendations, he said that the Board's practice of limiting its action on JIU recommendations to taking note of them did not facilitate implementation.

65. The Board was therefore strongly urged to take specific decisions in the future on each of the few relevant recommendations requiring legislative action, in the spirit of General Assembly resolution 50/233 of 7 June 1996, which established the principle that "the impact of the JIU

on the cost-effectiveness of activities within the United Nations system is a shared responsibility of Member States, the Unit and the secretariats of the participating organizations".

66. Any implications arising from those considerations could be minimized by the Secretariat's submitting a document of a different kind to facilitate efficient decision-making, and by utilization of the informal consultations mechanism mentioned in paragraphs 6 and 8 of document IDB.23/16.

67. Paragraph 3 of document IDB.23/12 Add.1 indicated a time lag of six months between the issue of JIU reports in English and in other language versions. That time lag had now been reduced to two months.

68. Paragraph 9 (a) of document IDB.23/12 Add.1 mentioned the possible availability of JIU reports on the Internet. It was now expected that such reports would be made available online by the end of 2000.

69. He again stressed the critical importance of specific decision-making by Member States or the Board on relevant JIU recommendations. Without such decisions the Secretariat would not be in a position to implement the relevant recommendations as envisaged in the Board's decision IDB.22/Dec.7.

70. **Mr. RAMIREZ GASTON** (Peru), speaking on behalf of the Group of 77 and China, said that the Group considered that further consultations were needed between the Secretariat, JIU and the Member States. It reiterated its view that no recommendation should be implemented before being considered by the governing bodies of UNIDO.

71. **Mr. TALLARD-FLEURY** (France), speaking on behalf of the European Union and associated States, said that the European Union attached importance to the development of a mechanism for following up JIU recommendations, and would like an interim report on the development to be submitted to the Board.

72. The European Union considered that the Board should be kept fully informed of any unsolved problems between the Secretariat and JIU, and urged the Secretariat to seek a balanced solution that would allow it to benefit from the work of that body. It would welcome a full report at the next session including a draft decision on an effective mechanism for the follow-up of JIU decisions.

73. **Mr. KAMOHARA** (Japan) said that his Government welcomed the consultations between JIU and UNIDO, and urged the Secretariat to continue its dialogue with JIU and seek to establish appropriate procedures for future relations with that Unit.

74. **Mr. KUYAMA** (Joint Inspection Unit) thanked those who had spoken for their support for JIU activities and expressed the hope that an agreement between the UNIDO Secretariat and JIU could be concluded before the next session of the Board.

GLOBAL FORUM ACTIVITIES (*continued*) (IDB.23/9; IDB.23/CRP.7)

75. **Mr. ESTRUP** (Secretariat) thanked the members of the Board for their helpful comments on global forum activities. The Secretariat would do its best to fulfil the expectations of the Board.

76. The 1997 Business Plan on the Future Role and Functions of UNIDO emphasized UNIDO's dual role of performing a global forum function and providing technical cooperation services. UNIDO was trying to ensure complementarity between those two functions. The spread of knowledge was of great importance, and technical cooperation could be carried out much more efficiently in partnership with the academic world and civil society organizations. Help in sustainable industrial development and the development of productive capacity was needed by countries that were outside the globalization process. For that reason, UNIDO was taking a direct role in the process leading up to the LDC III Conference in Brussels and in implementing the objectives of the United Nations Millennium Declaration, which were at the heart of its mandate. As pointed out in paragraph 4 of document IDB.23/CRP.7, in the present global context UNIDO interventions must gain legitimacy by connecting marginalized countries and communities to the process of globalization so that it became a positive force for all. The services of UNIDO should benefit those "left behind", and UNIDO should commit itself to the goals of furthering "connectivity" and fighting marginalization.

77. The global forum activities served to further the goal of technical cooperation for sustainable industrial development and a strategy was needed to ensure that UNIDO's technical cooperation interventions were properly focused, as technical cooperation was the ultimate goal of UNIDO.

78. It was true, as the United Kingdom representative had pointed out, that there was a measurement problem in relation to global forum activities. The global forum and technical cooperation strands were difficult to separate, but the Secretariat was working on the problem and hoped to find ways of measuring, to some extent, the impact of the global forum activities. However, in the end it was the impact of technical assistance that should be measured, since that was the ultimate goal of global forum activities.

79. **Mr. FREEMAN** (United Kingdom) said that he did not understand exactly how global forum activities generated particular kinds of technical cooperation. They

often seemed to involve meetings between people of similar views.

80. **Mr. ESTRUP** (Secretariat) drew attention to the list of activities in document IDB.23/9. They included partnerships with universities, some in the United Kingdom, that had enabled UNIDO to capitalize on the knowledge of the academic world in regard to technical cooperation.

81. **Mr. ZEWDIE** (Ethiopia) said that the least developed countries would like to know what Member States would lose if there were no discussions of the global forum type.

82. **Mr. ESTRUP** (Secretariat) said that global forum activities provided a number of ways of strengthening and improving technical cooperation. UNIDO could not rest on its laurels; it must constantly seek to strengthen its advocacy of sustainable industrial development and obtain the best possible technological and other knowledge to reinforce technical cooperation.

83. **Mr. MAGARIÑOS** (Director-General) recalled that the agenda item concerning global forum activities had been included on the agenda for the current session at the Secretariat's request, so that it could seek the support of Member States for the development of such activities. It had not been possible in the time available to deal with all the concerns expressed by delegations, but consultations would be continued in the coming months. He would also suggest that the item should be taken up at the Board's next session. Implementation had been guided by the recommendations in the 1997 Danish assessment of UNIDO.

84. **Mr. RAMIREZ GASTON** (Peru) said that in view of the concerns expressed during the debate, a fuller regular dialogue between the Secretariat and Member States on global forum activities would be welcome. While not denying their importance, he stressed that such activity should merely complement the Organization's essential mandate of providing technical cooperation services. He looked forward to taking part in the consultations referred to by the Director-General.

UNIDO GLOBAL ENVIRONMENT FACILITY ACTIVITIES (IDB.23/11)

85. **Mr. D'AMBROSIO** (Managing Director, Sectoral Support and Environmental Sustainability Division) said that he would like to provide updated information on activities relating to the Global Environment Facility since May 2000 as well as on the status of GEF-funded projects.

86. Negotiations between UNIDO and the GEF Secretariat had continued following the decision of the GEF Council in May 2000 to grant UNIDO the status of an executing agency with expanded opportunities. Visits had been paid to the GEF Secretariat in Washington, including a meeting between the Director-General and the GEF Chief Executive Officer, as well as to two GEF implementing agencies—the World Bank and the United Nations Development Programme (UNDP). Cooperation with the other implementing agency, the United Nations Environment Programme (UNEP), was envisaged in the future, particularly in the area of persistent organic pollutants (POPs). Contact had also been established with major donors and some recipient countries for promotional purposes and for project formulation.

87. In the year 2000, four new projects had been approved for an overall amount of $11.3 million, bringing the total number of GEF-funded UNIDO projects under implementation to six. Together with the formulation and implementation of projects, a process of familiarization was under way with visits of GEF executive staff to UNIDO and future planned participation of senior UNIDO staff in GEF familiarization seminars. A workshop for UNIDO representatives working in Africa had been held in Lagos in October 2000. In November 2000, UNIDO had been represented at a GEF Council meeting for the first time.

88. **Mr. GÜRKÖK** (Secretariat), illustrating his presentation by the use of slides, said that he would focus on three main areas: global energy issues, UNIDO's relevance and UNIDO's energy strategy.

89. The first global energy issue which came within UNIDO's competence was accessibility to energy, which concerned rural and renewable energy, and tied in with the question of poverty alleviation. The second issue was energy efficiency, which related to transport and advanced fossil fuel technologies.

90. According to statistics available on the national energy share vis-à-vis the world's total energy consumption, energy was unevenly distributed between most of the developing countries on the one hand and the developed world and countries endowed with fossil fuels on the other hand. Moreover, many of the countries in the latter category used their energy very efficiently, namely to generate a considerable amount of their gross domestic product (GDP), whereas what little energy the developing countries had was generally not used efficiently.

91. More than 2 billion people worldwide relied on traditional fuels and had no access to electricity. The reasons for that were the inefficient and environmentally harmful use of energy and its disproportionate cost. Environmental problems affected people living in poverty more directly. However, minor improvements in energy services brought considerable welfare benefits and stimulated the development of small enterprises. A case in point was the successful "multifunction platform" project implemented in Mali and Burkina Faso, jointly funded by UNIDO, UNDP and the International Fund for

Agricultural Development (IFAD). The project was based on a one-cylinder engine machine, used for a variety of purposes, that operated on bio-fuel. More interesting, however, was the fact that the project was run entirely by local rural women.

92. Turning to the subject of UNIDO's relevance, he said that there was growing emphasis on energy and environmental matters, as borne out by the increasing number of international conferences held and planned on such matters since the United Nations Conference on Environment and Development (Rio de Janeiro, 1992). UNIDO projects implemented in the field of energy efficiency were divided into two main categories: renewable energy and fossil fuel energy. The former included the very successful project in the African region on biomass for industrial energy as well as solar and wind-energy projects in other regions. One of the most widely publicized projects in the latter category was the Copsa Mica clean-up project in Romania. UNIDO's energy mandate was spelt out in the Business Plan, which focused on the dual problem of cleaner and sustainable industrial development and energy efficiency, and in General Conference resolution GC.8/Res.2, relating to the Global Environment Facility.

93. UNIDO was active in many spheres, but the area to which major donors attached the greatest importance was poverty alleviation by means of renewable energy projects for rural communities.

94. UNIDO's energy strategies were basically twofold. Firstly, there was the implementation of technical cooperation projects aimed at sustainable energy development: rural energy development to fight poverty; increasing energy efficiency on both the supply and the demand side; capacity-building for Kyoto Protocol mechanisms; and promoting the application of renewable (alternative) forms of energy. Secondly, global forum activities would involve: studying and discussing relevant issues and identifiying technical cooperation needs; and giving UNIDO visibility in international forums. In the implementation of those strategies, the following points must be borne in mind: strategies should be based on the Business Plan and UNIDO's comparative advantages; the donor community and recipient countries should support the strategies; the division of labour among international organizations should be respected; and strategies should reflect the "multi-stakeholder" character of sustainable energy development.

95. In response to the discussion on global forum activities and more specifically the United Kingdom representative's comments, he said that success indicators had already been developed for strategies relating to industrial energy efficiency, renewable energy and capacity-building in connection with the Kyoto Protocol, but things were less simple in other areas. However, there was a link, for example, between rural energy development and increasing poor people's access to energy, and that could be analysed.

The meeting rose at 1.15 p.m.